

Cache Mosquito Abatement District
Compiled Financial Statements
For the Year Ended December 31, 2005

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INDEPENDENT ACCOUNTANT'S REPORT

Board of Trustees
Cache Mosquito Abatement District
Logan, Utah

I have compiled the accompanying financial statements of the governmental activities of the Cache Mosquito Abatement District (the District) as of and for the year ending December 31, 2005, which collectively comprise the District's basic financial statements as listed in the table of contents, in accordance with the Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

The Management's Discussion and Analysis on pages 2 through 4, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

MATTHEW REGEN, CPA, PC

Matthew Regan, CPA, PC

April 27, 2006

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Cache Mosquito Abatement District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended December 31, 2005.

FINANCIAL HIGHLIGHTS

- The assets of the District exceeded its liabilities by \$79,360 on December 31, 2005.
- The total net assets consist of \$13,104 in capital assets and \$66,256 in unrestricted net assets.
- The District had no long-term debt on December 31, 2005.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

- *The statement of net assets* presents information on all of the District's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. However, there will also be a need to consider other non-financial factors.
- *The statement of activities* presents information showing how the District's net assets changed during the fiscal year reported. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Fund financial statements:

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District has a single fund category – governmental.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term effect of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District's only major governmental fund (as determined by generally accepted accounting principles) is the General Fund. The District has no non-major funds.

Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$79,360.

STATEMENT OF NET ASSETS

Current assets	\$ 156,256
Capital assets, net	<u>13,104</u>
Total assets	169,360
Liabilities	<u>90,000</u>
Total liabilities	90,000
Invested in capital assets, net of debt	13,104
Unrestricted	<u>66,256</u>
Total net assets	\$ <u>79,360</u>

CHANGES IN NET ASSETS

Revenues:	
Property tax	\$ 110,428
Federal grants	60,000
Other revenues	<u>12,760</u>
Total revenues	183,188
Expenses:	
Mosquito abatement	100,328
Office supplies	644
Personnel expense	340
Other operating costs	<u>2,516</u>
Total expenses	<u>103,828</u>
Change in net assets	79,360
Net assets – beginning	<u>0</u>
Net assets – ending	\$ <u>79,360</u>

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets - The District's investment in capital assets for its governmental activities as of December 31, 2005, amounts to \$13,104 (net of accumulated depreciation). This investment in capital assets consists of mosquito abatement equipment.

As of December 31, 2005 the District has no long-term debt.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to the Cache Mosquito Abatement District, P.O. Box 466, Hyde Park, UT 84318.

**CACHE MOSQUITO ABATEMENT DISTRICT
STATEMENT OF NET ASSETS
DECEMBER 31, 2005**

Assets

Current assets:	
Cash	\$ 72,540
Property tax receivable	53,716
Federal grants receivable	<u>30,000</u>
Total current assets	156,256
Capital assets:	
Equipment	14,112
Accumulated depreciation	<u>(1,008)</u>
Net capital assets	<u>13,104</u>
Total assets	169,360

Liabilities

Accounts payable	<u>90,000</u>
Total liabilities	90,000

Net Assets

Investment in capital assets, net of related debt	13,104
Unrestricted	<u>66,256</u>
Total net assets	\$ <u>79,360</u>

See accompanying notes and accountant's report.

**CACHE MOSQUITO ABATEMENT DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2005**

		Program Revenues			Changes in Net Assets
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants & Contributions</u>	<u>Capital Grants & Contributions</u>	<u>Governmental Activities</u>
Governmental activities:					
Mosquito abatement	\$ 100,328				\$ (100,328)
Office supplies	644				(644)
Personnel expense	340				(340)
Other operating costs	<u>2,516</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,516)</u>
Total primary government	<u>\$ 103,828</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(103,828)</u>
General revenues:					
Property tax					110,428
Federal grants					60,000
Other revenues					<u>12,760</u>
Total general revenues					<u>183,188</u>
Change in net assets					79,360
Net assets - beginning					<u>-</u>
Net assets - ending					<u>\$ 79,360</u>

See accompanying notes and accountant's report.

**CACHE MOSQUITO ABATEMENT DISTRICT
BALANCE SHEET - GOVERNMENTAL FUND
DECEMBER 31, 2005**

	<u>Assets</u>	<u>General</u>	<u>Total Governmental Fund</u>
Cash	\$ 72,540	72,540	72,540
Property tax and grants receivable	83,716	83,716	83,716
Total assets	<u>156,256</u>	<u>156,256</u>	<u>156,256</u>
<u>Liabilities and Fund Equities</u>			
Liabilities:			
Accounts payable	<u>90,000</u>	<u>90,000</u>	<u>90,000</u>
Total liabilities	90,000	90,000	90,000
Fund equity:			
Unreserved fund balance	<u>66,256</u>	<u>66,256</u>	<u>66,256</u>
Total fund equity	<u>66,256</u>	<u>66,256</u>	<u>66,256</u>
Total liabilities and fund equity	<u>\$ 156,256</u>	<u>156,256</u>	<u>156,256</u>

See accompanying notes and accountant's report.

**CACHE MOSQUITO ABATEMENT DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUND
TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2005**

Total fund balance for governmental fund \$ 66,256

Net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Equipment	\$ 14,112	
Accumulated depreciation	<u>(1,008)</u>	<u>13,104</u>

Net assets of governmental activities \$ 79,360

See accompanying notes and accountant's report.

**CACHE MOSQUITO ABATEMENT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN
FUND BALANCE - GOVERNMENTAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>General</u>	<u>Total Governmental Fund</u>
Revenues:		
Property tax	\$ 110,428	110,428
Federal grants	60,000	60,000
Other revenues	<u>12,760</u>	<u>12,760</u>
Total revenues	<u>183,188</u>	<u>183,188</u>
Expenditures:		
Mosquito abatement	113,432	113,432
Office supplies	644	644
Personnel expense	340	340
Other operating costs	<u>2,516</u>	<u>2,516</u>
Total expenditures	<u>116,932</u>	<u>116,932</u>
Excess (deficiency) of revenues over expenditures	<u>66,256</u>	<u>66,256</u>
Net change in fund balance	66,256	66,256
Fund balance - beginning of year	<u>-</u>	<u>-</u>
Fund balance - end of year	<u>\$ 66,256</u>	<u>66,256</u>

See accompanying notes and accountant's report.

**CACHE MOSQUITO ABATEMENT DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCE - GOVERNMENTAL FUND
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2005**

Net change in fund balance - Total governmental fund	\$	66,256
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Governmental funds report capital outlays as expenditures.
However, in the Statement of Activities, the cost of those assets is
allocated over their estimated useful lives as depreciation expense.
This is the amount by which capital outlays of \$14,112 exceeded
depreciation expense of \$1,008 in the current year.

13,104

Changes in net assets of governmental activities	\$	<u><u>79,360</u></u>
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See accompanying notes and accountant's report.

**CACHE MOSQUITO ABATEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005**

Note 1 – Summary of Significant Accounting Policies

Reporting Entity

The Cache Mosquito Abatement District (the District) is a special service district created in December of 2004 to control the infestation of mosquitoes throughout most of Cache County. The District is governed by a board of trustees represented by each community in the district including the unincorporated areas. Each trustee serves a four year term. The District is not a component unit of another organization.

The accounting and reporting policies of the District relating to the accompanying financial statements conform to accounting principles generally accepted in the United States of America (GAAP) applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued prior to December 1, 1989, which do not conflict with or contradict GASB pronouncements. The following represents the more significant accounting and reporting policies and practices used in the preparation of these financial statements:

Government-wide and Fund Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

- *The statement of net assets* presents information on all of the District's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. However, there will also be a need to consider other non-financial factors.
- *The statement of activities* presents information showing how the District's net assets changed during the fiscal year reported. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Note 1 – Summary of Significant Accounting Policies (continued)

Fund financial statements:

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District has a single fund category – governmental.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The District applies expenses for restricted resources first when both restricted and unrestricted net assets are available.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recognized only when payment is due.

Property taxes, state-shared revenue, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be available only when cash is received by the District.

The District reports the following major governmental fund:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Note 1 – Summary of Significant Accounting Policies (continued)

Capital Assets

Capital assets, which include mosquito abatement equipment, are recorded at historical cost. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Depreciation of all exhaustible fixed assets used is charged as an expense against the District's operations. Accumulated depreciation is reported on the financial statements. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Mosquito abatement equipment	7 years
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In the governmental fund financial statements, the acquisition or construction of capital assets is accounted for as capital outlay expenditures.

Property Taxes

Cache County assesses all taxable property other than centrally-assessed property, which is assessed through the state, by May 22 of each year. The District must adopt a final tax rate prior to June 22, which is then submitted to the State for approval. Property taxes are due on November 30. Delinquent taxes are subject to a penalty of 2% or \$10.00, whichever is greater. After January 16 of the following year, delinquent taxes and penalties bear interest at 6% above the federal discount rate from January 1 until paid.

Property tax revenues are recognized when they become measurable and available. Amounts available include those property tax receivables expected to be collected within 60 days after year end.

Budgets

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual budgets are adopted for governmental fund types. Encumbrance accounting is not employed by the District in its governmental funds, therefore all annual appropriations lapse at fiscal year end. Project-length financial plans are adopted for all capital project funds.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Note 2 – Cash

The District follows the requirements for the Utah Money Management Act (Utah Code Annotated 1953, Section 541, Chapter 7) in handling its depository and temporary investment transactions. This law requires the depositing of District's funds in a "qualified depository". The Act defines a "qualified depository" as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Utah Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

The Money Management Act also defines the types of securities allowed as appropriate temporary investments for the District and the conditions for making investment transactions. Investment transactions are to be conducted through qualified depositories or primary reporting dealers. The District had no investments during 2005.

On December 31, 2005 all of the District's cash was held in a demand deposit account at a single financial institution. The carrying amount on the books was \$72,540 and the bank balance was \$72,740. All of the cash was covered by federal depository insurance (FDIC). The demand deposit account bears no interest.